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THIRTY-SECOND ANNUAL REPORT

OF

**PAMOUR PORCUPINE MINES,
LIMITED**

For the Year Ended December 31st, 1965

ANNUAL MEETING

APRIL 14th, 1966 — 12:30 p.m. (Toronto Time)

KING EDWARD SHERATON HOTEL

PAMOUR PORCUPINE MINES, LIMITED

EXECUTIVE OFFICE: Suite 1700 — 44 King Street West - Toronto 1

Incorporated under the laws of Canada

CAPITAL:

Authorized and Issued: 5,000,000 Shares of No Nominal
or Par Value

DIRECTORS:

K. C. GRAY	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
P. D. P. HAMILTON	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
R. V. PORRITT	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
W. S. ROW	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
D. E. G. SCHMITT	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
J. H. STOVEL	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
JULES R. TIMMINS	-	-	-	-	-	-	-	-	-	-	-	-	-	Montreal

OFFICERS:

R. V. PORRITT	-	-	-	-	-	-	-	-	-	-	-	-	-	<i>President</i>
W. S. ROW	-	-	-	-	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
R. C. ASHENHURST	-	-	-	-	-	-	-	-	-	-	-	-	-	<i>Secretary</i>
E. K. CORK	-	-	-	-	-	-	-	-	-	-	-	-	-	<i>Treasurer</i>

GENERAL MANAGER:

D. E. G. SCHMITT

TRANSFER AGENT AND REGISTRAR:

EASTERN & CHARTERED TRUST COMPANY
Toronto and Montreal

BANKERS:

THE BANK OF NOVA SCOTIA

PAMOUR PORCUPINE MINES, LIMITED

Directors' Report to the Shareholders

EARNINGS PER SHARE

	1965	1964
Operating Profit (Loss)	(5.9¢)	1.5¢
E.G.M.A. Credit	10.8	7.3
Investment Income	4.9¢	8.8¢
Profit on Sale of Investments	6.9	6.2
	1.1	1.5
	12.9¢	16.5¢

Dividend payments during the year amounted to 12¢ per share, the same as in 1964, bringing the total to date to \$1.54 per share or \$7,700,000.

Earnings were lower than in 1964 due to reduced revenue from gold production and increased costs. Gold production was smaller due to the lower tonnage and grade of ore milled, although grade was still above the average of ore reserves. Unit production costs were higher due mainly to increased labour costs resulting from a general wage increase and a reduction in the work week. Higher E.G.M.A. credits were an offsetting factor.

After milling 584,500 tons averaging 0.118 oz. of gold per ton, the ore reserves at year end were larger by some 70,000 tons at 1,701,650 tons averaging 0.108 oz., compared with 1,632,000 tons and 0.107 oz. at the end of 1964.

The lower milling rate, 1,601 tons per day compared to 1,644 tons in 1964, was due to high labour turnover, absenteeism and shortage of experienced replacements. Training programs for new employees were carried on throughout the year and a considerable effort made to recruit men from various areas, including Europe, met with very little success.

Pamour has an efficient and low cost operation. Its results for 1965 show clearly the growing difficulties facing the gold mining industry and the extent to which it is dependent on Government assistance.

Your Directors wish to express their appreciation of the excellent performance of your Manager, Mr. Marshall, and his staff and employees under the difficult conditions which prevailed during the past year.

On behalf of the Board,

Toronto, Ontario,
February 2, 1966.

R. V. PORRITT,
President.

PAMOUR PORCUPINE MINES, LIMITED

(Incorporated under the laws of Canada)

BALANCE SHEET AS AT DECEMBER 31, 1965

ASSETS

CURRENT ASSETS:

Cash	\$ 95,851	\$ 14,178
Bullion	124,780	164,130
Marketable investments — at cost (quoted market value \$323,648)	230,097	440,670
Accounts and loans receivable	9,326	5,798
Receivable under The Emergency Gold Mining Assistance Act	188,000	164,600
	648,054	789,376

INVESTMENTS — at cost, less amounts written off

Bonds and shares — Associated companies (quoted market value \$9,002,000)	4,415,809	4,447,975
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DEFERRED AND PREPAID ITEMS:

Stores — at cost	390,652	395,355
Miscellaneous	14,469	15,445
	405,121	410,800

FIXED ASSETS:

Mine properties — at cost	163,177	163,177
Plant, buildings, equipment and townsite — at cost	2,653,561	2,626,998
Accumulated depreciation	2,461,932	2,420,398
	191,629	206,600
	<u>\$5,823,790</u>	<u>\$6,017,928</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 207,013	\$ 280,279
Taxes payable	21,200	31,800
Due to associated company	6,843	160,000
	235,056	472,079

CAPITAL STOCK AND SURPLUS:

Capital stock —		
Authorized, issued and fully paid —		
5,000,000 shares of no par value	1,387,500	1,387,500
Earned surplus —		
Balance — Beginning of year	4,158,349	3,931,742
Net profit for the year	642,885	826,607
	4,801,234	4,758,349
Less: Dividends	600,000	600,000
	4,201,234	4,158,349
	5,588,734	5,545,849
	<u>\$5,823,790</u>	<u>\$6,017,928</u>

Approved on behalf of the Board:

R. V. PORRITT, Director.

W. S. ROW, Director.

PAMOUR PORCUPINE MINES, LIMITED

STATEMENT OF OPERATIONS For the Year Ended December 31, 1965

		1964 comparative figures
REVENUE:		
Metal production	\$2,409,246	\$2,681,846
Income from investments —		
Dividends — Associated companies	322,483	283,583
Other dividends and interest (net)	22,177	24,481
Profit on sale of investments	54,618	75,554
	2,808,524	3,065,464
EXPENSE:		
Cost of metal production, including mining, milling, delivery and mint charges	2,611,806	2,496,574
Administrative and general expenses (including directors' fees)	38,664	42,118
Depreciation	42,421	41,866
	2,692,891	2,580,558
Less:		
Recoverable under The Emergency Gold Mining Assistance Act	539,895	366,979
	2,152,996	2,213,579
Provided for production taxes	655,528	851,885
	12,643	25,278
NET PROFIT FOR THE YEAR	\$ 642,885	\$ 826,607

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Pamour Porcupine Mines, Limited as at December 31, 1965 and the statement of operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of operations present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 2, 1966.

McDONALD, CURRIE & CO.,
Chartered Accountants.

PAMOUR PORCUPINE MINES, LIMITED

Manager's Report

To the President and Directors:

The following report summarizes operations at the Pamour Mine for the year 1965.

MINE:

Development:

	Feet of Advance	
	During 1965	To Date
Drifts	4,470	176,720
Crosscuts	1,610	41,040
Raises	—	78,790
Stope Preparation	8,410	179,930
Total 1965	14,490	476,480
Total 1964	14,280	

Lateral development consisted of 4,705 feet in lava exploration, 1,160 feet in east greywacke, 185 feet in west greywacke and 30 feet in conglomerate.

In the east end of the mine, 1,075 feet of drifting was in ore with an average grade of 0.21 ounces of gold per ton over drift width. In the west end of the mine, 730 feet of drifting was in ore with an average grade of 0.28 ounces of gold per ton over drift width.

Diamond Drilling:

A total of 59,310 feet of exploratory drilling was done in 320 holes, of which 149 holes were in the east end of the mine and 171 holes were in the west end. This compares with 67,020 feet in 393 holes in 1964.

Exploration of the lavas accounted for 65% of the drilling. In the western section of the mine this drilling investigated the downward extension of 41W vein on the 1000 and 1200 foot levels, while in the east mine it extended known veins and explored parallel lava flows. Approximately 29% of the drilling explored the east and west greywackes and indicated an average grade lens of ore of about 100,000 tons on the east end of the Three Nations vein below the 400 foot level. The remainder of the drilling was in conglomerate areas to outline stope limits for long hole mining.

Stoping:

Stoping was carried on in both the east and west sections of the mine. Twenty-one percent of the ore produced was from lava stopes. The east end provided 67% of the tonnage broken and 70% of the tonnage drawn from stopes. Cut-and-fill stopes provided 4% of the ore broken, slusher stopes 8%, blast hole stopes 25% and shrinkage the remainder.

ORE RESERVES: (At December 31, 1965)

	<u>Tons</u>	<u>Grade Oz./Ton</u>	<u>Tons</u>	<u>Grade Oz./Ton</u>
Broken:				
East End	555,320	0.101		
West End	217,860	0.102	773,180	0.101
In Place:				
East End	707,780	0.107		
West End	220,690	0.136	928,470	0.114
Totals:				
East Ore	1,263,100	0.104		
West Ore	438,550	0.119		
			<u>1,701,650</u>	<u>0.108</u>

Allowance for normal dilution has been made in calculating the tonnage and grade of ore reserves.

After milling 584,500 tons, total ore reserves were increased by 69,500 tons, and the grade increased slightly.

MILL:

	<u>1965</u>	<u>1964</u>
Tons milled	584,500	601,800
Tons milled per calendar day	1,601	1,644
Average gold content — oz. per ton	0.118	0.128
Average tailings loss — oz. per ton	0.009	0.010
Total recovery — percent	92.2	91.9
Total production — ounces gold	63,565	70,685
Value of total production	\$2,409,200	\$2,681,800

GENERAL:

There was an average of 356 persons steadily employed throughout the year.

I wish to express my appreciation to J. G. Sparrow, Mine Superintendent; J. R. Schnarr, Mill Superintendent; V. A. Andrew, Mechanical and Electrical Superintendent; H. A. Harvey, Chief Accountant; S. Belanger, Chief Assayer; and their staffs for loyal and efficient services rendered during the year.

Respectfully submitted,

W. J. MARSHALL,
Manager.

Pamour, Ontario,
January 24, 1966.

